

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS:**

Grade AA butter, in weekly trading, decreased 1/2 cent to \$2.3300.

In daily cash cheese trading, barrels closed at \$1.8125 on Friday, October 23, and blocks ended the week at \$1.8425. The weekly average is \$1.8005 for barrels and \$1.8320 for blocks.

In daily cash nonfat dry milk trading, the close on Friday, October 23, is \$1.1650 for Extra Grade \$1.1650 for Grade A. The weekly average for Extra Grade is \$1.1650 and \$1.1650 for Grade A.

BUTTER: The market tone is unsettled to weak. Buying interest is often less aggressive following 4 weeks of lower prices. Production is steady to slightly heavier. Producers are nervous about making spot cream purchases due to the recent lower prices and the potential for additional butter inventory write downs. Cream supplies available for churning are heavier than in recent weeks. Butter stocks remain tight for the upcoming holiday period.

CHEESE: The cash cheddar cheese market continues firm. Cash prices closed at new record highs for the seventh consecutive week. Current spot offerings remain limited as most plants are committed for various periods of time. Cheese production is steady to slightly higher as yields improve seasonally and limited volumes of milk move back from butter/powder.

FLUID MILK: Milk production is increasing in the Southeast and less supplemental milk is needed. Florida production is higher, but 235 loads of fluid milk were brought in this week. Other Southeastern states brought in 110 loads, roughly a third of the volume of last week. Lighter demand for fluid milk is reducing the pressure on milk supplies in supplying areas. More milk is available for manufacturing. Midwestern milk receipts are steady to slightly heavier and milk tests are higher. In the Southwest, milk production is improving. California and New Mexico production is increasing. Milk is often being moved from butter/powder production to cheese plants to maximize returns. Cream is readily available in most areas of the country. Multiples are being reduced to attempt to move cream, but many buyers do not want additional cream. Some butter churners are only tolling the cream/butter at present to avoid any financial losses on their part.

DRY PRODUCTS: Nonfat dry milk prices are mostly steady to slightly higher across the country. Supplies are generally limited at the plant level, but are available from resellers and others. Buttermilk markets are steady in a mostly balanced position. Whey supplies are more abundant in the Midwest and East

with prices declining in both regions. Weak demand for whey from animal feed manufacturers is hurting sales. The market is in better balance in the West. Export sales are fair to good and are clearing decent quantities of whey. Lactose and WPC prices are steady, but both markets have some weakness noted.

CCC: During the week of October 19 - 23, CCC purchased 103,384 pounds of NDM at the support price. (Editor's note: The sale was made to seek approval of a new bag type.) There were no cancellations nor sellback activity.

FEDERAL MILK ORDER MARKET SUMMARY (USDA, AMS): During September, about 8.3 billion pounds of milk were marketed under Federal orders; an estimated 700 million pounds was not pooled due to disadvantageous price relationships. Producer deliveries were about 1.1% more than September 1997, and about 0.7% less than August 1998 on an estimated daily average basis. Milk utilized in Class I products in September was 0.8% less than last year on an adjusted basis. The average blend price was \$16.36, \$3.44 more than last year. Changes in class prices from year-earlier levels were: Class I, up \$3.91; Class II, up \$3.91; Class III, up \$2.31; and Class III-A, up \$7.97.

FY 1999 AGRICULTURE APPROPRIATIONS (CONGRESSIONAL RECORD - DAILY SUMMARY): The conference agreement provides the following dairy related items: (1) Extends the time frame for Federal Milk Order Reform implementation from April 4, 1999, to October 1, 1999, with clarification of the term "final rule" to be the period of February 1, 1999, through April 4, 1999, when the rule is submitted to Congress to permit congressional review (Regulatory Flexibility Act requires 60 days for Congress to review major rule) and before the Secretary of Agriculture conducts the producer referendum required in 7 U.S.C. 608c(19); and (2) requires that when Secretary announces the Basic Formula Price (BFP) for milk, the Secretary shall include costs incurred by producers, including transportation and marketing costs in different regions of the United States.

COLD STORAGE (USDA, NASS): According to NASS, U.S. cold storage holdings of butter on September 30, 1998 total 35.2 million pounds, down 14.4% from August and 20.0% lower than September 1997. Natural American cheese holdings total 415.0 million pounds, down 6.0% from last month and 4.4% less than a year ago.

****SPECIALS THIS ISSUE****

SEPTEMBER COLD STORAGE REPORT (PAGES 7 - 8)
FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS (PAGES 9 - 10)
CCC MARKET PRICE INVITATIONS (PAGE 11)

**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-42,000 lbs.

PRODUCT	MONDAY OCT 19	TUESDAY OCT 20	WEDNESDAY OCT 21	THURSDAY OCT 22	FRIDAY OCT 23	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.7925 (N.C.)	\$1.7950 (+.0025)	\$1.7975 (+.0025)	\$1.8050 (+.0075)	\$1.8125 (+.0075)	+.0200	\$1.8005 (+.0200)
40# BLOCKS	\$1.8225 (+.0025)	\$1.8250 (+.0025)	\$1.8350 (+.0100)	\$1.8350 (N.C.)	\$1.8425 (+.0075)	+.0225	\$1.8320 (+.0205)
NONFAT DRY MILK							
EXTRA GRADE	\$1.1650 (N.C.)	\$1.1650 (N.C.)	\$1.1650 (N.C.)	\$1.1650 (N.C.)	\$1.1650 (N.C.)	N.C.	\$1.1650 (N.C.)
GRADE A	\$1.1650 (N.C.)	\$1.1650 (N.C.)	\$1.1650 (N.C.)	\$1.1650 (N.C.)	\$1.1650 (N.C.)	N.C.	\$1.1650 (N.C.)
BUTTER							
GRADE AA	----	----	----	----	\$2.3300 (-.0050)	----	----

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

Trading Activity - October 19 - 23, 1998

MONDAY, OCTOBER 19, 1998

CHEESE -- SALES: NONE; BIDS UNFILLED: 2 CARS BARRELS @ \$1.7925, 3 CARS 40# BLOCKS @ \$1.8225; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.8600

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

TUESDAY, OCTOBER 20, 1998

CHEESE -- SALES: NONE; BIDS UNFILLED: 3 CARS BARRELS @ \$1.7950, 3 CARS 40# BLOCKS @ \$1.8250; 4 CARS 6 MONTH OLD BLOCKS @ \$1.7850; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.8600

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, OCTOBER 21, 1998

CHEESE -- SALES: NONE; BIDS UNFILLED: 4 CARS BARRELS @ \$1.7975, 3 CARS 40# BLOCKS @ \$1.8350; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

THURSDAY, OCTOBER 22, 1998

CHEESE -- SALES: NONE; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.8050, 1 @ \$1.7975; 1 CAR 40# BLOCKS @ \$1.8350; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, OCTOBER 23, 1998

CHEESE -- SALES: NONE; BIDS UNFILLED: 4 CARS BARRELS: 2 @ \$1.8125, 1 @ \$1.8100, 1 @ \$1.8050, 4 CARS 40# BLOCKS: 1 @ \$1.8425, 1 @ \$1.8400, 2 @ \$1.8350; OFFERS UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR EXTRA GRADE @ \$1.1700

BUTTER -- SALES: 20 CARS: 2 @ \$2.1700, 2 @ \$2.1650, 2 @ \$2.1675, 1 @ \$2.1700, 1 @ \$2.1800, 1 @ \$2.2000, 2 @ \$2.3000, 1 @ \$2.3050, 1 @ \$2.3150, 1 @ \$2.3250, 1 @ \$2.3350, 1 @ \$2.3200, 1 @ \$2.3250, 2 @ \$2.3300, 1 @ \$2.3350; BIDS UNFILLED: 17 CARS: 1 @ \$2.3000, 1 @ \$2.2800, 1 @ \$2.2700, 1 @ \$2.2600, 1 @ \$2.2500, 3 @ \$2.2000, 5 @ \$2.1750, 1 @ \$2.1725, 1 @ \$2.1700, 1 @ \$2.1650, 1 @ \$2.1500; OFFERS UNCOVERED: 3 CARS: 1 @ \$2.3300, 1 @ \$2.3450, 1 @ \$2.3550

BUTTER MARKETS

SEPTEMBER COLD STORAGE

According to NASS, September month-end cold storage figures for butter total 35.2 million pounds, 14.4% lighter than last month and 20.0% lower than September 1997.

NORTHEAST

Premium structures are unchanged, but the butter price at the CME did drop for the fourth consecutive week (albeit only 1 1/2 cents). Contacts still speculate about future price changes and how to proceed. Despite the overall tight milk supply in the East, cream offerings are moderate to heavy. Churning activity has been up slightly, but producers are cautious about making too much butter while prices are slipping. Butter stocks are fairly well balanced. There are reports of imported butter being offered. However, many of these imported butter offers are for arrival in two-three weeks and, on a down market, buyers are reluctant to buy at a set price that far in the future. Demand for butter is fairly steady. Retail prices have not yet reflected the recent drops at the CME. Retail selling prices often remain above \$4.00 per pound. Food service orders are unchanged.

CENTRAL

The market tone remains mixed. Butter producers and handlers have varying opinions as to near term market conditions. Some feel the market will continue to weaken, while other feel a slight firmness many return to prices as the upcoming holidays near. Stocks of butter continue to be reported lighter than desired. Churning is classified as fair. Most producers are cautious about taking on too much cream at this time due to weakening prices of the past few weeks. Many butter

producers are questioning if they will have sufficient butter stocks to meet upcoming holiday needs. Some Midwestern butter handlers are finding that stocks of Western produced butter are becoming more available at attractive prices, but are cautious in a declining market. Retail buying interest is fair at best as consumers are becoming increasing aware of sharply higher prices than past years at this time.

WEST

Discounts increased again for Western butter differentials. Buyers from other regions of the country are less aggressive in looking for butter at this time. Many believe that prices may continue to falter. Cream is readily available and churns are not all anxious to produce additional butter at this time. Some Western plants are building stocks and they are cutting prices to try and keep a good balance. Production is generally up across the region even with some operations moving some milk out of butter/powder into cheese production. Even with the short run weakness noted, many believe that prices will probably rebound when holiday related demand kicks in and stocks are not able to cover needs.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS, TRUCKLOAD QUANTITIES.

FIGURES REPRESENT THE RANGE IN PREMIUMS OR DISCOUNTS (CENTS/POUND) FROM THE CME GRADE AA CASH BUTTER CLOSE OCTOBER 16, 1998 CLOSE = \$2.3350

STYLE	NORTHEAST	CENTRAL	WEST
BULK	+3 TO +5	flat TO +3	-6 1/2 TO -3

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
OCTOBER 17	1.7683 5,025,574	1.7323 7,498,939	1.0689 22,562,009	2.3828 2,744,568	0.2508 6,015,858

Further data and revisions may be found on the Internet at: <http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/>

CHEESE MARKETS

NORTHEAST

Prices are higher again this week. Prices have advanced on cheddar and/or process each of the last seven weeks. The market tone remains firm, but cautious. Some buyers are taking on additional stocks before prices move much higher, others are buying only normal, weekly needs. Production levels are light to moderate and reflect the generally tight milk supply in the East. Stocks are about adequate to cover current needs. Holiday orders are improving. Gift pack items are improving. Mozzarella continues to move well. Retail and food service orders are generally steady.

CORRECTION: The Swiss cheese price range was omitted from last week's report. The price should have been the same as this week's range.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.8150-2.3000
Cheddar Single Daisies	:	1.7850-2.3000
Cheddar 40# Block	:	1.9525-2.1000
Process 5# Loaf	:	1.9675-2.1200
Process 5# Sliced	:	1.9950-2.1800
Muenster	:	1.9925-2.3075
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is firm. At the Chicago Mercantile Exchange, barrels advanced 2 cents during the week to close on October 16 at \$1.7925, and blocks increased 1.50 cents to \$1.8200. These cash prices are again new record highs. Some traders are questioning the need for further price increases when it does not seem to increase supplies. Current cheese offerings continue tight to short of needs. Producer inventories are minimal. Reports indicate that a few plants with a little spare milk compared to orders, are selling the milk rather than speculating on potential orders. Otherwise, plants are still fully committed with expected production for a couple of weeks into the future. Aged cheddar demand is very good seasonally. Acquiring additional aged cheddar is especially difficult as some firms pruned their aging programs early following the large price increases since the April lows. Processing solids, including barrels, remain tight both for current and with age. Recent large price increases passed on by a few large suppliers, coupled with their price protection policies, has caused a surge in orders under the policies. Cheese yields are increasing seasonally. Some milk has returned to cheese production from butter/cream/powder.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.9500-2.0700
Brick And/Or Muenster 5#	:	2.0600-2.2875
Cheddar 40# Block	:	1.9150-2.0800
Monterey Jack 10#	:	1.9150-2.2700
Blue 5#	:	2.4225-2.6200
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9150-2.1500
Grade A Swiss Cuts 6 - 9#	:	2.4200-2.5500

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	OCTOBER 19 - 23, 1998
BARRELS*	:	\$1.7800 - 1.8000 (NOMINAL)
	:	(\$0.0125) (.0125)
40# BLOCKS	:	\$1.8325 - 1.8725 (NOMINAL)
	:	(\$0.0150) (.0250)

() Change from previous week. * If steel, barrel returned.

WEST

Prices continue to increase for natural and process cheese in the Western region. Supplies of barrels and processing solids are especially tight. Buyers are not able to cover their needs in a timely fashion. Current blocks are slightly more available, but they are generally being called in close balance. Aged cheese is not available at "reasonable" prices. Mozzarella is short of needs and Swiss demand is rated seasonally good. Natural American cheese stocks at the end of September total 415.0 million pounds, down 4.4% from last year and down 6.0% from last month. Stocks have been below last year for five months and are at their lowest level since February. This is the largest one month decline in seven years. Swiss stocks, at 12.5 million pounds, are up 12.9% from last year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.9400-2.1900
Cheddar 40# Block	:	1.9200-2.0750
Cheddar 10# Cuts	:	2.1300-2.3350
Monterey Jack 10#	:	2.1450-2.2975
Grade A Swiss Cuts 6 - 9#	:	2.3900-2.4900

FOREIGN TYPE

Domestic cheese prices are higher again this week. The market tone is quite firm, overall demand remains slow to fair. With domestic cheese prices continuing to increase, interest for imported cheese for processing is holding up quite well. However, the weaker US Dollar is affecting cheese purchases and imports from the EU. Conversely, the EU's loss of sales to Russia has made more cheese available for export to other buyers.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 2.1475-2.7575*
Gorgonzola	: 3.2400-5.9400	: 2.4900-2.8425*
Parmesan (Italy)	: TFEWR	: 3.5575-3.5975*
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.8200-2.3475*
Romano (Cows Milk)	: -0-	: 3.3250-3.6625*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	
10/19/98	7,629	: 98,264
10/01/98	6,894	: 100,820
CHANGE	735	: -2,556
% CHANGE	11	: -3

FLUID MILK AND CREAM

E A S T

Northeastern Milk Market Administrators announced September 1998 uniform (blend) prices: Federal Order (F.O.) 1 is \$16.47; F.O. 2, \$15.98; F.O. 4, \$16.77; F.O. 36, \$16.06; and Western NY Milk Market Area, \$16.05. During September, milk production in the 20 major states totaled 10.7 billion pounds, up 0.4% from September 1997. The following are the September to September changes for selected states: Kentucky -4.3%, Texas -1.5%, Virginia -0.7%, Florida unchanged, Vermont +1.4%, Pennsylvania +1.5%, and New York +2.7%. Milk production is increasing in the south central area. Milder weather and good grass growth in East Texas, Louisiana, and Mississippi have led to increased milk production. Contacts note that they have not had to import nearly as much milk as they did last week. Florida output is creeping up and a little more milk is available from local producers. Handlers brought in 235 loads this week which compares to 93 loads the same week last year. Florida pipelines are now full and contacts expect imports to drop off dramatically over the next week or two. Handlers in other Southeastern states brought in approximately 110 loads which is down from nearly 290 loads last week. In the Northeast, more fall-like weather is showing up and milk output continues to follow typical seasonal patterns. Fluid milk supplies are tight, but the fewer loads moving to the Southeast should soon ease the milk supply situation. Contacts, in one form or another, repeat the following supply scenario: milk is tight, cream is long, and condensed skim is short. Bottled milk sales are steady to lighter in much of the region. This could further alleviate the tight supply situation. The condensed skim market is very firm. The price range is unchanged. However, some spot, interregional sales were delivered at or above \$1.10. Some Western condensed was shipped across the country to supplement local shortages. Demand is very good, but availability is well short of needs. One trader noted that they have moved "nary a load" in the past couple weeks. The fluid cream market is weak. Offerings, particularly late in the week, are more than ample. Demand is fair at best. Prices are mostly lower with the largest drops at the upper end of the range. Some loads moving to Class III channels are meeting quite a bit of resistance. Reports of Class III cream selling at flat market (no multiple) are more common. Other excess loads are selling at very low multiples and based on upcoming CME closes. Though not new, basing sales on future markets, is an indication of a weak market or anticipated lower butter prices. Ice cream production is steady and the lower fat costs are stimulating some additional output. Cream cheese producers are taking more cream, but like other buyers, they are very price conscious. Churning activity is increasing, but producers are not anxious to take on more cream.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	2.8487 - 3.1756
Delivered Equivalent Atlanta	-	2.8954 - 3.2023 M 2.9421 - 2.9888
F.O.B. Producing Plants: Upper Midwest	-	2.7787 - 2.9188

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	.8500 - 1.0500
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
OCTOBER 16 - 22, 1998	21
PREVIOUS WEEK	46
COMPARABLE WEEK IN 1997	32

DESTINATIONS: KENTUCKY 21

Class I demand is generally slower than recent weeks though skim demand remains good. Forecasts for late next week are for increased demand with the usual first of the month increase and the start of holiday item production such as dips and eggnog. Milk supplies within the region are not nearly as tight as recent weeks. Slower demand from Southern buyers this week helped reduce the pressure on milk supplies. This tendency helped lower the premiums paid. Class I premiums are more in the area of \$3.50 - 4.70 over class. Manufacturing

milk interest was steady to also slower. Besides the shipments in the total, 8 loads of Wisconsin milk were sent to Ohio. Another 21 loads of Wisconsin milk are "direct shipped" to Tennessee and 30 loads to Missouri and pooled under a Southern Federal Order. Shipments from Minnesota, Michigan and Iowa to the Southeast were also lower this week. Local plant milk receipts are mostly steady to occasionally slightly higher. Milk receipts in the mid-tier of states are showing a slight increase on a more regular basis. Fat and protein tests are generally higher. Cream prices are nominal as buyers are very reluctant to make purchases in a potentially weak market. Cream offerings are heavier as ice cream interest slows further. At least a couple firms will only custom churn cream and will not take title due to the continued possibility of price weakness. Progress on fall harvest and tillage operations continues well ahead of normal in most areas.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	OCT 15 - 21	PREVIOUS YEAR
SLAUGHTER COWS	\$ 31.00- 35.00	\$ 33.50- 39.00
REPLACEMENT HEIFER CALVES	\$125.00-190.00	\$100.00-130.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	OCT 15 - 21	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.50- 39.00	\$ 33.50- 41.00

W E S T

U.S. milk production for September totals 10.7 billion pounds, up 0.4% from a year earlier. Third quarter production for selected Western states compared to a year earlier is as follows: Arizona down 1.7%, California down 3.9%, Colorado up 2.1%, Idaho up 8.8%, New Mexico up 10.6%, Oregon up 1.2%, Utah down 2.5%, and Washington down 0.1%. The U.S. was down 0.3% for the quarter. Milk production continues to increase in the Southwest. New Mexico production is improving as weather conditions are good for making milk. Milk continues to leave the state to supplement needs in other areas of the country. Some plants are increasing production schedules. Hay prices and availability are steady. The Extension Service is reporting that most areas of state are completing 5th cuttings. The hay season is drawing to a close as the weather cools and frost stops the growing season. In California, higher quality alfalfa is moving at better levels than lesser grades. Current production is of higher quality and not suffering the weather conditions of earlier cuttings. Milk receipts are higher at California plants. Favorable, dry weather and abundant feed are allowing for improved output. Some milk in the state is moving from butter/powder plants to cheese plants due to economic considerations. Cream supplies exceed current demand in California. Out of state shipments of cream were minimal and multiples were lowered to secure the limited sales. Churning schedules were higher to process cream volumes that in prior weeks would have left the state. Competition for tankers has also been a problem. Conditions are ideal for good fall milk production in the Pacific Northwest. Temperatures are warm and the wet spell of a week ago has passed. Any final fall cropping should be finished by the end of the week. Corn silage volumes are heavy. Some is not the best quality due to the very late wet, cold spring that caused problems in some areas. The hay harvest is generally completed. Tonnage is excellent, but the amount of good dairy hay available is questionable. Buyers, so far, can find what they need if they are willing to pay the price. Export sales are a real mixed bag at this time. Sales are below a year ago, but they are very spotty across the region ranging from negligible to significant. No one expects heavy sales because of the financial problems in the Far East. Most producers have grain prices locked in at very good numbers. Milk output is declining slowly across the region. Plant operators are attempting to keep cheese plants fuller than butter/powder at this time to maximize returns. Conditions are a little cooler over Idaho and Utah. Frost has been common and moisture was wide spread last week. Most plants in the region would like a little additional milk at this time. Heifer availability and prices are limiting the expansion plans of many producers across the region. Herd numbers are generally up because of reduced culling. Producers are hanging onto marginal animals because of the great cost/return ratio and because of crummy slaughter cow prices.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 10/22/98 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are higher. Buyer interest has improved and sales are fairly active. However, producer availability is mixed. Depending upon the time of order placement, some may be sold out for the week. In addition, dryer times are being limited. Grade A powder is increasingly harder to find compared to Extra Grade. Producer stocks range from tight to balanced.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0900 - 1.1525 MOSTLY: 1.0900 - 1.1000

DRY BUTTERMILK - CENTRAL

Prices and the market tone are unchanged. Demand varies from steady to slower. Offerings are available from most manufacturers for immediate shipment. Some resellers with aged powder are offering at slight discounts. Many reported orders are for less than truckload volumes.

BUTTERMILK: .9600 - 1.0700

DRY WHEY - CENTRAL

Prices are lower and the market tone remains weak. However, the "sloppiness" associated with last week's market seems slightly improved. A few export sales and reduced production are helping to dissipate some of the burdensome stocks. Large volumes of non-Kosher powder are circulating at the bottom of the range, while premium quality Extra Grade is demanding a higher price due to availability. Many contacts are unsure of where prices will "bottom out", but supply conditions are slightly better than in previous weeks. Most buyers are reluctant to purchase any more than single loads at the current time.

NONHYGROSCOPIC: .2150 - .2625 MOSTLY: .2400 - .2500

ANIMAL FEED WHEY - CENTRAL

Prices for milk replacer, roller ground, and standard are lower; unchanged on delactose. All prices remain nominal. The animal feed market continues to be pressured by low slaughter prices. Fed calf market prices are \$1.80 - \$1.90 compared to last year's prices of \$2.00 - \$2.30, while slaughter hog prices fluctuate in the mid to high 20's. As a result, feed sales are slower than anticipated and many companies are pushing back contracted supplier loads. The delactose market outlook is better. Producers are shipping out product at a steady pace. Stocks vary from balanced to occasionally tight. Roller ground manufacturers continue to fill contracts with little extra for spot demand.

MILK REPLACER: .2000 - .2200
STANDARD: .1800 - .2000
ROLLER GROUND: .2850 - .2950
DELACTOSE (Min. 20% protein): .3275 - .3600

LACTOSE - CENTRAL AND WEST

Prices and the market tone are unchanged. Domestic sales vary from slow to sporadically better. Manufacturer availability is mixed. Some have abundant inventories, while others are in more comfortable positions. Many are filling fourth quarter contracts at mostly comparable volumes to the third quarter. Although not reported in the edible range, increased volumes of offgrade lactose are appearing at low prices.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1500 - .2350 MOSTLY: .1700 - .1800

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged. However, the market has a weak undertone. Demand is lighter than in previous weeks. Buyers are questioning whether the WPC market will follow the falling dry whey market. Therefore, many are reluctant to purchase beyond current needs. Producer and reseller offerings are increasing weekly, but no discounts are being seen yet. Manufacturer stocks range from balanced to slightly heavier.

EXTRA GRADE 34% PROTEIN: .5900 - .6350 MOSTLY: .6100 - .6200

NONFAT DRY MILK - WEST

Low/medium heat prices are holding mostly steady for the range, while the mostly narrowed to reflect the concentration of current spot sales. High heat prices are unchanged and nominal. Currently, few low/medium heat sales are occurring outside of the mostly range. Production is mixed in the region. Milk production is increasing, but milk is being shifted from butter/powder plants to cheese plants as cheese prices continue to increase in record territory and butter prices are weaker and unsettled. Supplies of NDM remain short of needs from producers in the region, but NDM is available from resellers. Additional powder also remains available from the CCC under sellback. The CCC made a support price purchase this week, but the sale was to test a new bag type. Therefore, the sale price was not included in the price range. Plant stocks are in balance at light levels.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0600 - 1.1750 MOSTLY: 1.1100 - 1.1300
HIGH HEAT: 1.1200 - 1.1700

DRY BUTTERMILK - WEST

Prices and the market tone are unchanged at steady levels. Buying and selling activity are in close balance. Additional offerings are not always readily sold on the spot market. Sales under contract are moving in good shape on a timely basis. Drying schedules are increasing as churning increases in the region. Stocks remain light.

BUTTERMILK: .9800 - 1.0400 MOSTLY: .9900 - 1.0000

DRY WHEY - WEST

Prices remain fully steady for Western whey powder. Demand from both exporters and domestic buyers is strong enough to keep stocks in close balance. More exports are heading south as opposed to going mostly to the Far East earlier in the year. Production is about steady. Any increase caused by milk moving out of butter/powder production into cheese is being offset by seasonally falling milk production. Stock levels remain closely balanced. Contacts continue to watch the weakening whey markets in other areas of the country with some concern. So far, there is no slow down in the Western market.

NONHYGROSCOPIC: .2300 - .2750 MOSTLY: .2400 - .2425

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended October 16, on powder sales of 9,504,751 pounds f.o.b. California manufacturing plants was \$1.0828 per pound. This compares to 10,452,751 pounds at \$1.0692 for the previous week ending October 9, 1998. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are unchanged and nominal. The market tone is firm. Production levels have been and are limited by the tight milk supply. However, contacts hope to step up output as the need for milk in the Southeast appears to be significantly lower for the coming weeks. Local producers have little or no powder on hand for spot sales. Some are buying powder to supplement their output. The very good demand for condensed skim is another factor which limits drying schedules. Demand for NDM is holding up very well.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.1000 - 1.1700

HIGH HEAT: 1.1300 - 1.1900 MOSTLY: 1.1400 - 1.1500

DELVD SOUTHEAST:

ALL HEATS: 1.1300 - 1.1900

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged. The market tone is unsettled as more excess cream is now available to butter makers which may increase buttermilk drying schedules. Producer stocks are closely balanced in the East. There continues to be little interest except for contract deliveries.

F.O.B. NORTHEAST: .9800 - 1.0000

DELVD SOUTHEAST: 1.0200 - 1.0625

DRY WHOLE MILK - NATIONAL

Prices are unchanged to lower within the range. Because of the lower butter prices, some producers have adjusted their prices lower. Production levels are light to moderate and generally geared to filling existing contracts. Spot demand is limited.

F.O.B. PRODUCING PLANT: 1.5750 - 1.8500

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1998 THROUGH OCTOBER 16, 1998
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 33,070 MT (72,906,122 LBS)

WHOLE MILK POWDER -- 2,080 MT (4,585,568 LBS)

CHEESE -- 1,600 MT (3,527,360 LBS)

CHANGE -- 334 MT (736,336 LBS)

BUTTERFAT -- 0 MT

REALLOCATED NDM -- 16,357 MT (36,060,642 LBS)

Allocations for the DEIP year beginning July 1, 1998, are:

Nonfat dry milk - 84,212 MT; Whole Milk Powder - 5,003 MT;

Cheese - 3,350 MT; Butterfat - 29,854 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are steady to often lower and the market tone is steady to weak. Cheese and dry whey production levels are unchanged to lighter. However, less milk is being shipped to Southeastern handlers and some cheese makers think that more milk may be available to them in the near future. Dry whey offerings are balanced in the East; readily available in the Midwest. Eastern producers have some product to move, but because of contracts, they are having little difficulty clearing their output. Resellers are often offering some discounts to keep their stocks from accumulating. Demand is reported as lackluster, particularly from the feed side of the market.

F.O.B. NORTHEAST: EXTRA GRADE .2400 - .2650

USPH GRADE A .2400 - .2700

DELVD SOUTHEAST: .2750 - .2825

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. Stocks of whey are increasing, but demand remains slow. Contacts report that market activity was slow which is a continuation of market conditions for the past couple months.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are being affected by the tight milk supply in the Eastern part of the country. Demand is generally unchanged from past weeks, but holiday orders are starting to come in. The Kansas City Commodity office announced the purchase of 881,280 pounds of canned evaporated milk under EVD-1, invitation 491, at prices ranging from \$.6463-.6782 per pound for delivery in November 1998. They also announced the issuance of EVD-1, invitation 500, inviting competitive offers to sell to CCC 1,321,920 pounds of evaporated milk for shipment in December 1998.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED
MAJOR U.S. CITIES \$23.62 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Prices for both casein types are unchanged, despite a weaker market undertone. Offerings of both types are increasing and available from most suppliers. Economic problems are slowing demand in Pacific Rim countries and extra product is showing up in the United States. Contacts are expecting further weakness for both acid and rennet casein. Rennet casein is seeing increases in demand from analog cheese makers. As natural cheese prices continue to trend higher in record territory, imitation cheese usage is increasing.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR
EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE
AND QUALITY.

RENNET: 2.0000 - 2.1000

ACID: 1.9500 - 2.0500

MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

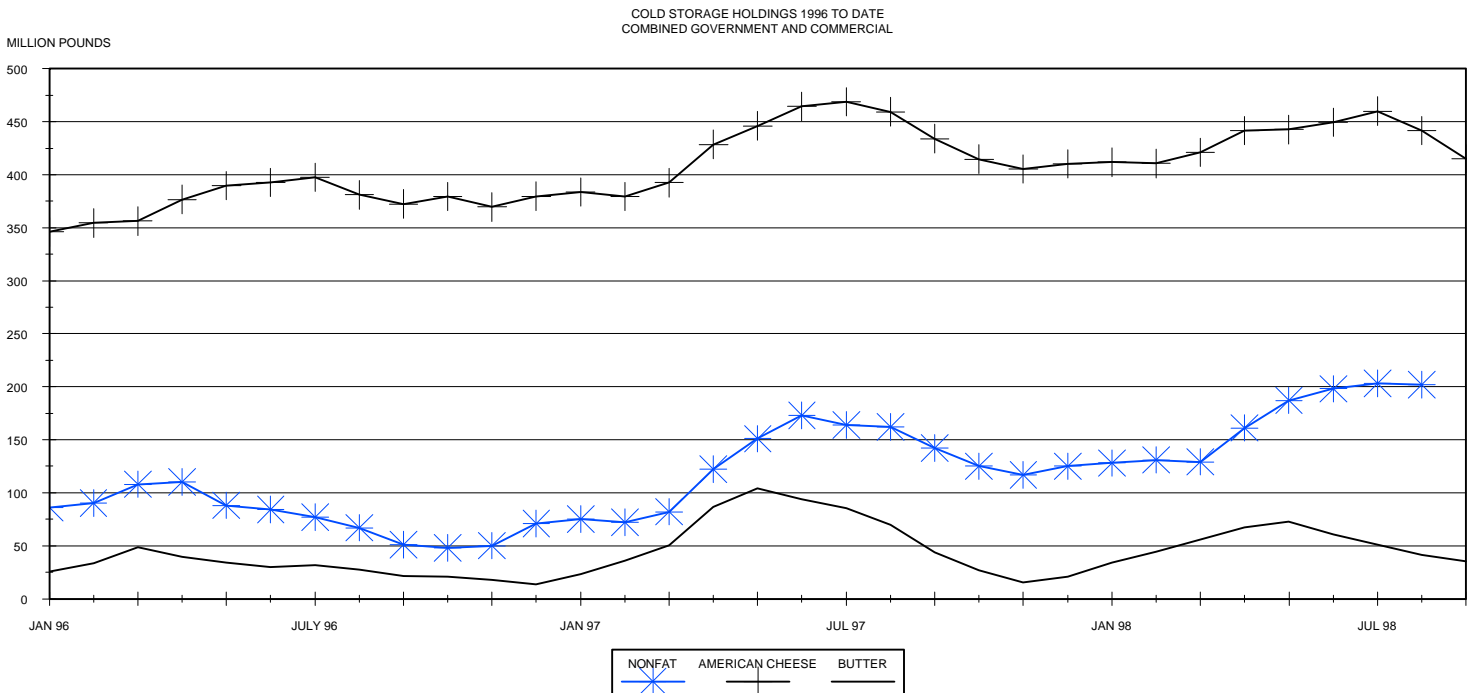
NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated.

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	AUG 31, 1996	AUG 31, 1997	REVISED AUG 31, 1998	SEP 30, 1996	SEP 30, 1997	SEP 30, 1998
Cream	1,356	---	---	1,171	---	---
Butter	27,299	69,468	41,070	21,431	43,936	35,156
Evap. & Cond. Milk	692	---	---	785	---	---
Cheese, Natural American	381,241	459,450	441,605	372,555	434,028	414,960
Cheese, Swiss	12,606	11,507	11,560	12,701	11,040	12,469
Cheese, Other Natural	113,095	111,313	123,603	110,545	98,607	121,477
GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.						
Butter	843	563	216	546	499	169
Natural American Cheese	225	285	209	190	257	190

SEPTEMBER COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter			Other Natural Cheese		
	1996	1997	1998	1996	1997	1998*	1996	1997	1998
New England	14,043	22,628	22,693	3,120	6,727	---	90	97	364
Middle Atlantic	38,714	38,302	39,164	2,344	3,223	---	12,956	14,630	11,513
East North Central	209,578	240,384	217,345	4,252	19,343	---	85,039	67,621	100,452
West North Central	57,949	66,915	67,128	5,373	3,699	---	2,037	4,916	2,327
South Atlantic	286	249	601	380	337	---	5,160	5,105	630
East South Central	175	259	210	413	141	---	3,157	2,552	1,911
West South Central	231	4,174	283	561	445	---	122	129	243
Mountain	15,303	16,646	15,315	497	284	---	584	976	755
Pacific	36,276	44,471	52,221	4,491	9,737	---	1,400	2,581	3,282
TOTAL	372,555	434,028	414,960	21,431	43,936	35,156	110,545	98,607	121,477

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.Ü



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1997 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
	Million Pounds						Million Pounds						Million Pounds					
January	34	23	34	23	<u>3/</u>	<u>3/</u>	412	384	412	384	<u>3/</u>	<u>3/</u>	128	75	104	75	24	<u>3/</u>
February	44	36	44	36	<u>3/</u>	<u>3/</u>	411	379	411	379	<u>3/</u>	<u>3/</u>	131	72	105	72	26	<u>3/</u>
March	56	50	56	50	<u>3/</u>	<u>3/</u>	421	392	421	392	<u>3/</u>	<u>3/</u>	129	82	93	81	36	<u>3/</u>
April	67	87	67	86	<u>3/</u>	<u>3/</u>	442	429	441	429	<u>3/</u>	<u>3/</u>	161	122	113	121	48	<u>3/</u>
May	73	104	72	103	<u>3/</u>	1	443	446	443	446	<u>3/</u>	<u>3/</u>	187	151	132	151	55	<u>3/</u>
June	61	94	60	93	<u>3/</u>	1	450	464	450	464	<u>3/</u>	<u>3/</u>	198	173	129	173	69	<u>3/</u>
July	51	86	51	85	<u>3/</u>	1	460	469	460	469	<u>3/</u>	<u>3/</u>	203	164	112	161	91	3
August	41	69	41	69	<u>3/</u>	1	442	459	441	459	<u>3/</u>	<u>3/</u>	202	162	95	156	108	5
September	35	44	35	43	<u>3/</u>	<u>3/</u>	415	434	415	434	<u>3/</u>	<u>3/</u>		142		134		8
October		27		26	<u>3/</u>			415		415	<u>3/</u>			125		111		14
November		15		15	<u>3/</u>			405		405	<u>3/</u>			117		95		21
December		21		20	<u>3/</u>			410		410	<u>3/</u>			125		103		22

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Aug 31, 1996	Aug 31, 1997	Aug 31, 1998	Sep 30, 1996	Sep 30, 1997	Sep 30, 1998
	Thousand Pounds					
Butter	26,456	68,905	40,854	20,885	43,437	34,987
Natural American Cheese	381,016	459,165	441,396	372,365	433,771	414,770

1/ Total holdings minus Government owned holdings. For more information, see page 7 of this report.

SOURCE: "Cold Storage," Co St 1 (10-98) and "Dairy Products," Da 2-6 (10-98), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Agricultural Stabilization and Conservation Service.

FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS

FEDERAL MILK ORDER MARKET SUMMARY FOR SEPTEMBER 1998. During September, about 8.3 billion pounds of milk were marketed under Federal orders. (Since significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in September 1998 and 1997, the following comparisons involving producer deliveries have been estimated.) Producer deliveries were about 1.1 percent more than September 1997, and about 0.7 percent less than August 1998 on a daily average basis. Milk utilized in Class I products in September was 0.8 percent less than last year on an adjusted basis. Class I use this year represented 46 percent of producer milk deliveries compared to 56 percent in September 1997. The average blend price was \$16.36 per cwt., \$3.44 more than last year. Changes in class prices from year-earlier levels were as follows: Class I, up \$3.91; Class II, up \$3.91; Class III, up \$2.31; and Class III-A, up \$7.97.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF SEPTEMBER 1998										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1998 TOTAL	CHANGE FROM 1997	1998 TOTAL	CHANGE FROM 1997	1998	1997	1998	1997	1998
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
New England (Boston)	1	466.9	5.8	234.1	6.3	50	50	17.19	13.26	32.5
New York/New Jersey (NY City)	2	936.5	-3.1	418.8	0.7	45	43	16.70	13.31	32.5
Middle Atlantic (Philadelphia-Baltimore/Washington, D.C.)	4	470.8	-1.5	236.4	-4.9	50	52	16.77	12.99	---
NORTHEAST REGION		1,874.2	-0.6	889.3	0.5	47	47	16.84	13.22	32.5
Carolina (Charlotte)	5	240.3	12.4	203.0	10.1	84	86	17.51	13.59	32.5
Southeast (Atlanta/Birmingham)	7	441.1	3.5	377.5	5.7	86	84	17.52	13.64	32.5
Florida Markets (Tampa/Jacksonville/Tallahassee/Miami)	12 <u>4/</u>	190.3	-3.2	173.9	-2.6	91	91	18.31	14.35	32.5
SOUTHEASTERN REGION	<u>5/</u>	190.3	-3.2	173.9	-2.6	91	91	18.31	14.35	32.5
Michigan Upper Peninsula (Marquette)	44	5.6	16.0	4.6	4.2	81	91	15.91	12.22	32.5
Southern Michigan (Detroit)	40*	353.1	2.7	189.0	3.2	54	53	15.92	12.36	---
E. Ohio/W. PA (Cleveland/Pittsburgh)	36*	257.2	3.0	146.4	0.2	57	59	16.06	12.69	---
Ohio Valley (Columbus)	33*	233.6	12.2	137.9	-2.2	59	68	16.16	12.46	---
Indiana (Indianapolis)	49*	159.8	6.6	100.4	-3.1	63	69	16.18	12.32	---
Chicago Regional	30*	1,063.0	58.9	236.7	-6.2	22	38	15.50	12.34	---
Central Illinois (Peoria)	50*	16.2	16.2	13.4	5.7	83	91	16.17	12.43	32.5
S. Illinois-E. Missouri (Alton)	32*	140.9	10.0	84.6	-2.9	60	68	16.14	12.38	32.5
Louisville-Lexington-Evansville	46	99.6	12.2	82.0	15.5	82	80	16.57	12.73	32.5
Upper Midwest (Minneapolis)	68*	838.9	225.0	153.6	7.5	18	55	15.31	12.21	---
Iowa (Des Moines)	79* <u>6/</u>	219.9	74.8	85.2	---	39	---	15.68	12.58	---
Nebraska/W. Iowa (Omaha/Sioux City)	65*	118.5	21.1	50.1	-1.7	42	52	15.80	12.32	---
Greater Kansas City/E. S. Dakota	64* <u>6/ 7/</u>	44.0	9.6	---	---	---	---	16.65	12.57	32.5
MIDWEST REGION	<u>5/</u>	3,186.8	50.1	1,116.6	-0.7	35	53	15.67	12.38	32.5

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF SEPTEMBER 1998										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1998 TOTAL	CHANGE FROM 1997	1998 TOTAL	CHANGE FROM 1997	1998	1997	1998	1997	1998
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
Southwest Plains (Oklahoma City)	106*	237.4	20.7	129.0	-2.0	54	67	16.58	13.17	32.5
Texas (Dallas)	126*	489.7	23.2	269.6	-2.1	55	69	16.81	13.18	32.5
SOUTHWEST REGION		727.1	22.4	398.6	-2.1	55	69	16.73	13.18	32.5
E. Colorado/W. Colorado (Denver)	137 <u>7/</u>	133.5	0.9	70.2	-0.5	53	53	16.36	13.04	32.5
SW. Idaho/E. Oregon (Boise)	135*	142.7	95.6	16.4	3.9	11	22	15.28	12.63	---
Great Basin (Salt Lake City)	139*	177.0	-8.5	77.3	0.0	44	40	15.86	12.59	---
Central Arizona (Phoenix)	131	169.5	-3.0	85.5	-0.9	50	49	16.65	12.91	32.5
New Mexico-West Texas (Albuquerque)	138*	115.0	0.1	53.9	-5.2	47	49	16.09	12.95	32.5
Pacific Northwest (Seattle/Portland)	124*	546.3	19.8	179.5	-4.3	33	41	16.80	12.42	---
FAR WEST REGION		1,284.0	12.2	482.8	-2.3	38	43	16.37	12.66	32.5
COMP MKT. AVERAGE OR TOTAL	<u>5/</u>	7,262.4*	22.2*	3,061.2	-0.9	42	52	16.27	12.84	32.5
ALL-MKT. AVERAGE OR TOTAL	<u>6/ 8/</u>	8,307.3*	19.6*	3,808.9	0.4	46	55	16.36	12.92	32.5
YEAR-TO-DATE AVG./TOTAL										
Northeast Region		18,177.0*	1.4*	7,604.9	0.2	42	42			
Southeastern Region	<u>5/</u>	2,135.0	-3.2	1,843.0	-0.2	86	84			
Midwest Region	<u>5/</u>	27,813.9*	-2.1*	9,526.0	-0.2	34	34			
Southwest Region		6,725.3*	-6.5*	3,454.1	-3.1	51	50			
Far West Region		12,268.6*	-7.7*	4,197.5	-0.7	34	32			
COMP MARKET AVERAGE OF TOTAL	<u>5/</u>	67,119.7*	-2.8*	26,625.5	-0.6	40	39	14.17	12.68	----
ALL MARKET AVERAGE OR TOTAL	<u>6/ 8/</u>	77,326.0*	-2.7*	33,367.7	-0.2	43	42	14.27	12.79	----

* Because of certain pricing situations in these markets, handlers elected not to pool an estimated 700 million and 2.0 billion pounds of milk in September 1998 and 1997, respectively, that normally would have been pooled under these orders. The total estimated amount not pooled for this reason through the month of September are: for 1998, 9.7 billion pounds; and for 1997, 6.6 billion pounds. If these volumes had been pooled, the following percent changes in producer deliveries would have resulted: for September, Midwest region +1.1; Southwest region +8.6, Far West region +1.9, comparable market average +1.4, and all market average +1.1. Year to date, Northeast region +1.8, Midwest region +0.4, Southwest region -2.0, Far West region +5.1, comparable market average +1.2, and all-market average +1.1. 1/ Names in parentheses are principal cities and pricing points of markets. 2/ Prices are for 100 pounds of milk with a butterfat content of 3.5%. 3/ Amount by which the blend price is adjusted for each .1% that the butterfat content of a producer's milk varies from 3.5%. For example, if the butterfat content of the milk that a producer delivers to a regulated handler located in Boston (New England's market) is 4.0%, then the producer's blend price would be \$18.82. (4.0 minus 3.5 equals .5; 5 times \$.325 equals \$1.625; \$17.19 plus \$1.625 equals \$18.815.) 4/ Pool data are either a summation or weighted average of the Tampa Bay, Upper Florida, and Southeastern Florida marketing areas. The blend prices are for the Tampa Bay market. Blend prices for other markets are: Upper Florida: 1998, \$18.30; 1997, \$14.35; and Southeastern Florida: 1998, \$18.74; and 1997, \$14.89. 5/ Figures are based on the same group of comparable markets--markets where orders were in effect the entire period 1997-98 and for which the data were not affected significantly by marketing area changes. Data for Iowa and Greater Kansas City/Eastern South Dakota are no longer comparable; some of the data during this period could not be released without revealing individual business operations. Due to the termination of the Tennessee Valley order, the data for Carolina, Southeast, and Louisville-Lexington-Evansville are no longer comparable and were excluded, where applicable. Most of the milk that would have been pooled under the terminated order was pooled under these three orders. 6/ Class I receipt and utilization data for the Iowa and Greater Kansas City/Eastern South Dakota areas are excluded from all-market figures; see 5/. 7/ Figures represent a combination of data for the indicated markets except for the producer blend prices which are for the first market listed. Blend prices for other markets are: Eastern South Dakota: 1998, \$15.71; 1997, \$12.44; and Western Colorado: 1998, \$16.57; 1997, \$12.73. 8/ The data for 1997 includes the Tennessee Valley marketing area; see 5/.

CCC PURCHASES OF DAIRY PRODUCTS

FOR THE WEEK OF OCTOBER 19 - 23, 1998				CUMULATIVE TOTALS				UNCOMMITTED INVENTORIES			
	TOTAL	CONTRACT	ADJUSTED		SINCE	SAME PERIOD		PERIOD ENDING	SAME PERIOD		
	PURCHASES	ADJUSTMENTS	PURCHASES		10/01/98	LAST YEAR		10/16/98	LAST YEAR		
BUTTER											
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE											
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK											
Nonfortified	103,384	-0-	103,384	103,384	408,912	42,673,000	-0-				
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-				
TOTAL	103,384	-0-	103,384	103,384	408,912	42,673,000	-0-				

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	BASIS	SOLIDS		BASIS	SOLIDS
WEEK OF OCTOBER 19 - 23, 1998 =	0.0	1.2	COMPARABLE WEEK IN 1997 =	-0.1	-6.9
CUMULATIVE SINCE OCTOBER 1, 1998 =	0.0	1.2	CUMULATIVE SAME PERIOD LAST YEAR =	0.1	4.8
CUMULATIVE JANUARY 1 - OCTOBER 23, 1998 =	25.0	1,321.4	COMPARABLE CALENDAR YEAR 1997 =	24.7	395.2

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL									
REGION	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1997/98
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0	0.0
WEST	-0-	-0-	-0-	-0-	103,384	408,912	100.0	100.0	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0	0.0
TOTAL	-0-	-0-	-0-	-0-	103,384	408,912	100.0	100.0	100.0

SELLBACK TO THE TRADE NONFAT DRY MILK (POUNDS) MILK EQUIVALENT - MILKFAT BASIS* - MILLION POUNDS

WEEK OF OCTOBER 16 - 22, 1998	0	0.0
CUMULATIVE SINCE 10/1/98	128,847	0.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1998

MANUFACTURING MILK: Average Test 3.67% - \$10.05 per cwt.; 3.5% - \$9.95

DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1150; 500# Barrels \$1.0850; Process American 5# \$1.1675; Process American 2# \$1.2075NONFAT DRY MILK: Nonfortified \$1.0280; Fortified \$1.0380; Instant \$1.1855

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 10/03/98 & Comparable Week 1997 1/ 2/											
Regions*	1	2	3	4	5	6	7	8	9	10	
											U.S. TOTAL : % DAIRY OF ALL
											WEEK : SINCE JAN 1 : WEEK : SINCE JAN 1
1998-Dairy cows HD (000)	0.3	1.6	6.4	5.2	17.7	2.2	2.9	0.8	9.4	2.5	49.0 2,016.5 44.1 45.4
1997-Dairy cows HD (000)	0.4	1.8	6.6	5.7	20.5	3.1	3.1	1.1	9.3	2.7	54.3 2,194.1 44.4 45.9
1998-All cows HD (000)	0.3	1.7	8.8	15.5	24.7	19.2	17.4	4.8	12.1	6.6	111.2 4,437.0
1997-All cows HD (000)	0.4	1.8	9.1	17.6	28.5	19.2	18.4	8.1	12.0	7.4	122.3 4,775.4

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE INVITATIONS 10/16

PROCESS	DECEMBER DELIVERY
2# PROCESS LOAF	475,200
5# PROCESS LOAF	1,346,400
PROCESS SLICED	3,009,600
MOZZARELLA	
MOZZARELLA, LMPS	1,330,560
MOZZARELLA LITE SHREDDED	362,880
CHEDDAR	
BLOCKS	119,850
CHEDDAR CUTS	119,850
SHREDDED	192,000
REDUCED FAT BLOCKS	39,950
REDUCED FAT CUTS	39,950
REDUCED FAT SHREDDED	460,800
BARRELS	840,000

OFFERS ARE DUE OCTOBER 26.
PUBLIC RELEASE IS SCHEDULED FOR
4:00 P.M. CST OCTOBER 29.

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/98 = 6,557,121

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10			